2002-03, Indian exports reached a record level of US$52 billion, registering a robust growth of 19.2%.

Enactment of Service Tax Act

1719. SHRI P. PRABHAKHAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering a proposal for the enactment of Service Tax Act to allow States to levy service tax on specific items;

(b) if so, the details thereof;

(c) whether the viewpoints of various State Governments have been elicited thereon and if so, what is their reaction; and

(d) by when the proposed law is likely to be put in place?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) No, Sir.

(b) Does not arise.

(c) and (d) The Constitution (95th Amendment) Bill has already been passed by both the Houses of Parliament during the Budget Session 2003. This amendment provides for a specific entry 92C which provides for tax on services in the Union List. A new Article 268A as well as consequential amendment to Article 270 has been made to enable Parliament to formulate by law, the principles for determining the modalities for levy of tax on services by the Central Government and collection and appropriation of the proceeds thereof by the Central and State Governments. As per Article 368, clause (2) (c) of the Constitution, the Bill as passed by the Parliament has to be ratified by the legislatures of not less than one half of the States by Resolution to that effect passed by those legislatures before the Bill making provision for such amendment is presented to the President for assent. Thereafter, the Constitution amendment Bill will be notified as an Act. Only when this enabling clause is notified, necessary legislation determining the principles and modalities of collection and appropriation of service tax can be finalized in consultation with the State Governments.